

**[4910-13]**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**[Docket No. FAA-2008-0221]**

**OPERATING LIMITATIONS AT NEWARK LIBERTY**

**INTERNATIONAL AIRPORT**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Order Limiting Scheduled Operations at Newark Liberty

International Airport

**SUMMARY:** In a proposed order published on March 18, 2008, the Federal Aviation Administration (FAA) tentatively identified the parameters of an order that would temporarily limit scheduled flight operations at Newark Liberty International Airport (EWR).<sup>1</sup> The FAA issued the proposal as a result of persistent congestion and delays at EWR during the peak operating hours, as well as a dramatic projected increase in flight delays at the airport during the summer of 2008 if proposed schedules were implemented as requested by carriers. After evaluating the written comment submitted to the public docket in this matter, the FAA is issuing this final Order, which will take effect at 6:00 a.m., Eastern Time, on [insert date that is 30 days after the date of publication in the Federal Register].

If you wish to review the background documents or comments received in this proceeding, you may go to <http://www.regulations.gov> at any time and follow the online instructions for accessing the electronic docket. You may also go to the U.S. Department of Transportation's Docket Operations in Room W12-140 on the ground floor of the West

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<sup>1</sup> 73 Fed. Reg. 14,552 (Mar. 18, 2008).

Building at 1200 New Jersey Avenue, SE, Washington, DC, between 9:00 a.m. and 5:00 p.m., Monday through Friday, except Federal holidays.

**FOR FURTHER INFORMATION CONTACT:** Gerry Shakley, System Operations Services, Air Traffic Organization; telephone--(202) 267-9424; e-mail--[gerry.shakley@faa.gov](mailto:gerry.shakley@faa.gov).

**SUPPLEMENTARY INFORMATION:**

I. Background

EWR has historically experienced a significant number of delays relative to the other airports in the domestic system. When ranked according to the proportion of delayed operations, EWR has frequently been the most delayed airport in the country. Moreover, EWR's on-time performance has deteriorated in recent years. The percent of on-time gate arrivals within 15 minutes of the scheduled time decreased from 70.66% in fiscal year (FY) 2000 to 63.97% in FY 2006 and to 61.71% in FY 2007. The average daily counts of arrival delays greater than one hour were 54 in FY 2000; 79 in FY 2006; and 93 in FY 2007, an increase of almost 18% in the last fiscal year alone.

One of the factors contributing to the EWR's declining performance has been the carriers' scheduling practices at the airport. Daily operations have been relatively stable while delays have continued to increase. In Fiscal Year (FY) 2000, there were 1,253 average daily operations. In FY 2007, there were 1,219 average daily operations, a decrease of about 3 percent. Demand during the most desirable peak hours, however, approached or exceeded the average runway capacity resulting in volume-related delays. The cumulative impact of such scheduling by all carriers can result in delays even under ideal weather conditions.

However, the resulting delays become even more pronounced when weather or other operating conditions reduce the airport's capacity below optimal levels.

During the summer of 2007, in addition to the delays experienced at EWR, another New York-area airport, John F. Kennedy International Airport (JFK), also experienced significant congestion-related delays. Based on both airports' summer 2007 performance, and in the absence of any major capacity enhancing projects, the FAA designated the airports as Level 2, Schedules Facilitated Airports for the summer 2008 scheduling season, in accordance with the International Air Transport Association (IATA) Worldwide Scheduling Guidelines.<sup>2</sup> In designating the airports as IATA Level 2, Schedules Facilitated Airports, the FAA required all U.S. and foreign air carriers to report to the FAA their proposed summer 2008 scheduled operations at the airports during designated hours. With respect to EWR, the FAA specifically noted that it intended to work with carriers on the flight operations planned from 7:00 until 10:00 a.m. and from 2:00 until 10:00 p.m., Eastern Time.<sup>3</sup> The FAA further specified that it was considering its options to "further address congestion and improve operational performance at EWR, including the timing of flights at the airport and their impact on the airport's operation."<sup>4</sup>

The information that U.S. and foreign air carriers reported to the FAA regarding their proposed operations at EWR reflected a significant increase in scheduled operations, especially during the most oversubscribed hours when the airport routinely experienced delays. U.S. and foreign air carriers requested about 100 new operations, adding to the schedules that produced pronounced delays during summer 2007. The proposed schedules in the afternoon and evening period were of the greatest concern. For example, several

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<sup>2</sup> 72 Fed. Reg. 54,317 (Sept. 24, 2007).

<sup>3</sup> Id., at 54,318.

<sup>4</sup> Id.

consecutive hours would have had demand for arrivals or departures in the mid-90s and others in the upper 80s. By contrast, EWR's adjusted average airport capacity reflects that, from September 2006 through August 2007, the airport handled or was capable of handling an average of 83 operations per hour.

The FAA modeled the level of delays that passengers transiting EWR could expect if the carriers were to operate the summer 2008 schedules that they proposed. When compared with EWR's modeled baseline delays during the summer of 2007, the average arrival delays would have increased 38% to 35 minutes; the average number of arrival delays of at least one hour would have increased 50%; and the mean arrival delay would have reached almost 80 minutes by 7:00 p.m. The proposed schedules also would have negatively affected departures.<sup>5</sup>

In response to the U.S. and foreign air carriers' proposed summer 2008 schedules, the FAA held discussions with many of the carriers to validate their schedule requests and to ask them to reconsider their proposed timings in light of the airport's capacity limitations. Although there were some modest revisions to the proposed schedules, it was clear that demand would continue to exceed capacity without further action, as some carriers indicated that they would operate as proposed despite the FAA's concern about the impact on delays. In addition, the FAA anticipated that carriers might try to add still more operations at EWR when a forthcoming operational limitation took effect at nearby JFK,<sup>6</sup> in effect shifting a portion of that problem to an already oversubscribed EWR. As a result, the FAA elected to modify EWR's IATA designation to a Level 3, Coordinated Airport for summer 2008.<sup>7</sup> This

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<sup>5</sup> As with previous aircraft queuing model runs produced for the FAA by the MITRE Corporation's Center for Advanced Aviation System Development, it was assumed that no scheduled operation was cancelled.

<sup>6</sup> 73 Fed. Reg. 3,510 (Jan. 18, 2008)(order limiting scheduled operations at JFK).

<sup>7</sup> 72 Fed. Reg. 73,418 (Dec. 27, 2007).

designation provided notice, in accordance with international norms, that the FAA would focus proposed new operations at the airport on hours during which airport capacity is available and to deny proposed new operations during oversubscribed hours. Some carriers, including Continental Airlines, the primary hub carrier at EWR, moved flights from historic peak hours to less congested times in order to assist with delay reduction. The FAA published in the appendix to the proposed order the results of the discussions with U.S. and foreign air carriers and our approved schedules reflecting very limited peak-hour growth.<sup>8</sup> While the proposed order, through the appendix, provided the public with notice of the state of the FAA's discussions with carriers under the IATA Worldwide Scheduling Guideline process, the principal purpose of the proposed order was to describe and to raise for public comment a series of practical considerations that the FAA must address when it undertakes to place a temporary limit on operations at an airport.

## II. Summary and Analysis of the Comments

As of May 1, 2008 the FAA received in the public docket 78 written comments on the FAA's proposed order. The vast majority of the commenters support the FAA's effort, as a general matter, to control congestion and delays at EWR. A small number of comments question certain aspects of the FAA's proposal.

One commenter--Virgin America, Inc.--expresses its preference that the FAA had followed a different process in limiting operations at EWR. Virgin America specifically would prefer that the FAA had conducted a scheduling reduction meeting for scheduled operations at EWR, as the FAA did in limiting scheduled operations at JFK.

The FAA holds a number of options in controlling congestion at a particular airport. As the FAA articulated when it requested the carriers' anticipated summer 2008 schedules

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<sup>8</sup> 73 Fed. Reg. at 14,558-65.

involving EWR, the FAA considered them all in selecting its course with respect to EWR. There is no requirement that the FAA pursue a particular avenue in addressing airport congestion, and small differences in a particular airport's operations can argue for a slightly different solution. The FAA's election to improve the carriers' scheduling and EWR's performance through a combination of the IATA scheduling process and a voluntary drawing down of carriers' schedules during the oversubscribed hours was a rational method of addressing congestion-related delay at the airport. Moreover, and equally important, it was both an expedient course and a permissible exercise of the FAA's discretion.

Nor is it apparent that conducting a scheduling reduction meeting like that held for JFK would have led to a different result than that expressed in the proposed order for EWR. The FAA published both JFK's and EWR's designation as IATA Level 2, Schedules Facilitated Airports in the same document.<sup>9</sup> The starting point for the FAA's discussions with carriers at the subsequent scheduling reduction meeting for JFK was the proposed schedules that the carriers submitted pursuant to JFK's designation as an IATA Level 2, Schedules Facilitated Airport. Many carriers at JFK, including those with the largest presence at the airport, agreed to reduce flights during the most desirable hours in order to improve operational performance and to benefit all operators. At the same time, the FAA ensured that other carriers were restricted from adding new flights during the previously oversubscribed hours, which would have offset the delay reduction that the other carriers' schedule adjustments achieved. The FAA accommodated a few timely requested new operations during the hours of peak demand.

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<sup>9</sup> Although Virgin America identified its intention to conduct operations at JFK during summer 2008, it filed no such intention in response to EWR's IATA Level 2 designation. After the FAA declared EWR an IATA Level 3, Fully Coordinated Airport, Virgin America indicated for the first time a desire to provide scheduled service there.

The FAA applied the same general policy approach at EWR, with the objective of preventing a further degradation in operational performance by keeping demand within the average available capacity. We recognize Virgin America's position that it did not take advantage of the IATA schedule submission requirement or the initial ensuing IATA schedule discussions regarding EWR. As a result, in consideration of Virgin America's newly advanced request for scheduled operations, the FAA attempted to accommodate Virgin America during the hours that are scheduled below the airport's adjusted average hourly capacity. The discussions leading to the FAA's proposed order, including the conversations with Virgin America, necessarily had the same tenor as a scheduling reduction meeting's discussions. If the FAA were to conduct a scheduling reduction meeting for EWR, we do not expect that the product would differ materially from the results published in the appendix to the proposed order.

Virgin America and the Air Carrier Association of America also state that the proposed order diminishes the ability of new entrants to compete at EWR and strengthens the position of EWR's hub carrier. In particular, Virgin America notes the potential that more established carriers could abuse the proposed mechanisms of retiming operations and permitting operational growth at EWR. Virgin America and the Air Carrier Association of America recommend a periodic withdrawal and redistribution of Operating Authorizations to stimulate competition. We emphasize, however, that we intended the proposed order to describe a short-term vehicle to preserve realistic scheduling at EWR while longer term solutions are applied to relieve EWR's congestion and delay. The mechanisms that we identified to permit operational flexibility and growth within the airport's capacity, if applied fairly and without discrimination, should provide opportunities during the relatively brief

duration of this final Order. While we anticipate that all carriers will conduct their transactions under this Order in a principled way, the FAA will closely monitor the operation of the airport and the application of the mechanisms for the trade and lease of Operating Authorizations while this Order remains in effect. If we detect unfair or anticompetitive behavior, we will not hesitate to take corrective action and to propose more stringent controls on such transactions in the future.

One commenter--Porter Airlines, Inc.--requests an amendment to the appendix of the proposed order to grant it fourteen total operations at EWR during the time periods that it originally requested of the FAA. Porter contends that it received an approved schedule from the EWR Terminal/Gate Schedules Facilitator and that the FAA should allow it to operate that schedule. Porter, as well as the Air Transport Association of Canada, also contends that the FAA's proposed allocations would violate the U.S.-Canada Open Skies Agreement. In a supplemental filing, Porter asks the FAA to reconsider the allocation of Operating Authorizations to Porter if any Operating Authorization becomes available in the future, such as by the revised operating plans of other carriers.<sup>10</sup>

Throughout the process that led to the FAA's proposed order, the FAA's representatives were candid during and after the IATA Schedules Conference in November 2007 regarding the potential for restricted operations at EWR, particularly in the already oversubscribed afternoon and evening hours. The FAA expressly made Porter aware that it was not granting approval, based on runway capacity, for all Porter's proposed new operations during the peak hours, that the FAA was continuing to seek voluntary moves by

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<sup>10</sup> Eos Airlines, for example, recently ceased operations after April 27, 2008. Eos does not have historic scheduled operations at EWR, and it has not commenced the operations it planned to conduct at EWR this summer and for which the FAA proposed to allocate Operating Authorizations. Because Eos has ceased to conduct scheduled operations, the FAA is not allocating Operating Authorizations to Eos in the appendix to this final Order.



carriers to retime schedule requests, and that any plans to conduct scheduled operations during those periods would be at Porter's own risk. Consistent with the FAA's preliminary assessment of the operational impact of the carriers' proposed schedules, the FAA determined that it was necessary to modify EWR's designation from Level 2 to Level 3 when it became clear that voluntary schedule adjustments by the carriers to avoid the overscheduling of EWR's peak hours were not achievable.

With respect to the FAA's proposed allocation of Operating Authorizations, the U.S.-Canada Open Skies Agreement requires the FAA to accord fair and equal, not preferential, treatment. Contrary to Porter Airlines' suggestion, the FAA's proposal treats Porter Airlines identically to all air carriers that are similarly situated at EWR. In addition, like all other carriers, Porter Airlines will retain the flexibility under this Order to trade, to lease, and to request retimings of its scheduled operations to enhance its competitive posture. Retiming of an approved Operating Authorization for any carrier, however, would be granted only if capacity exists, if the FAA determines that it does not diminish the efficiency of the airport's operations, and if it is otherwise consistent with the provisions and policies expressed in this Order.

Porter's request in its supplemental filing for an additional two Operating Authorizations in the 5:00 p.m. and 7:00 p.m. hours and its request to retime an approved arrival in the 9:00 p.m. half hour to the 8:00 p.m. hour are denied. Shifting a 9:00 p.m. half hour flight to the earlier, more problematic hours would increase congestion and would not be equitable to other carriers that are unable to make similar moves. As a carrier that did not have any historic operations at EWR but that timely indicated that it would provide summer 2008 service, Porter Airlines was permitted one new roundtrip during the airport's busiest

period, from 3:00 p.m. through 8:59 p.m. The FAA proposed similar allocations for two other new entrant carriers that timely indicated their intention to initiate service at EWR. By contrast, other carriers, including those with a limited existing presence at the airport, were not permitted to add new flights during those hours. In addition, other carriers either removed or rescheduled some historically conducted operations during that period to reduce delays. Adding even a few flights to that period diminishes the delay reduction benefits that the voluntary moves of other carriers have achieved. Accordingly, the FAA's manner of accommodating new entrant carriers at EWR is adopted as proposed.

Air Canada, the Air Transport Association of America, and American Airlines recommend adjustments to the FAA's proposed 80% usage requirement for Operating Authorizations. They request that the FAA consider an Operating Authorization as used if the carrier elects to cancel a flight due to a ground delay program. The Air Transport Association and American Airlines further request that the FAA consider an Operating Authorization used if the carrier elects to cancel a flight because a de-icing program is in effect.

For the present time, the FAA has decided not to amend the proposal to include categorical exclusions from the minimum usage requirement for flight cancellations for reasons such as ground delay or de-icing programs. In arriving at this conclusion, we understand that, during extreme conditions of extended delays or reduced capacity, carriers may find it necessary or practical to cancel a flight rather than conduct it several hours later. In such situations, carriers might accommodate passengers efficiently on other flights, permitting carriers to work on overall network recovery through a tactical use of flight cancellations. Moreover, under these circumstances, flight cancellations may deliver

operational benefits to the National Airspace System, because delays would be even longer for all system users absent flight cancellations during reduced capacity conditions.

Nevertheless, we must balance these considerations against the overall efficient use of a scarce operational resource. The proposed minimum usage requirement permits carriers to suspend flights for operational reasons up to 20% of the time. Furthermore, the FAA may waive the usage requirement in the face of highly unusual and unpredictable conditions that are beyond the control of the carriers and that affect carrier operations for at least five consecutive days. Under normal circumstances, this degree of flexibility should be sufficient to absorb the occasional cancellation of a scheduled operation and still permit carriers to meet the minimum usage threshold, if the planned usage is near 100%. Carriers that do not schedule operations for all their assigned authority increase the risk of falling below the minimum usage threshold, and it is not the FAA's intention to facilitate a carrier's underutilization of an Operating Authorization by granting additional usage exceptions.<sup>11</sup> While this Order is in effect, the FAA invites carriers to highlight specific instances in which the available measures appear insufficient. Such information may provide the good cause necessary to modify this Order.

The Air Transport Association and American Airlines submitted comments on the FAA's proposed termination of the Order on October 24, 2009. In their opinion, the FAA could avoid the lack of certainty that a potential series of short-term extensions would cause if the FAA would tie the Order's expiration date to the effective date of a replacement rule.

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<sup>11</sup> We further note that, under this Order, carriers may return Operating Authorizations to the FAA on or before the seasonal deadline for the periods during which the carriers do not intend to use them. This allows carriers to adjust their seasonal allocation to match more precisely the carriers' known schedules at the time of the deadline. Additionally, this Order creates a secondary market for the transfer of Operating Authorizations to another carrier that is able to use them.

They note that such an approach was effective in the FAA order capping scheduled operations at LaGuardia Airport.

The FAA originally considered whether the termination date of this Order should be open-ended, tied to the adoption of a replacement rule, or as proposed, identified as a date certain. We rejected the notion of leaving this Order open-ended or tying its expiration to the effective date of a replacement rule. This Order is constructed to provide short-term relief from the congestion that EWR would otherwise experience. We do not deem it appropriate as a longer-term structure for EWR's operations. Accordingly, we will retain the Order's proposed expiration date.

American Airlines suggests that the FAA's proposal to require carriers to use an Operating Authorization for 90 days before leasing or transferring it should be changed. Because Operating Authorizations were not previously assigned at EWR, American Airlines instead contends that a 90-day usage requirement in this context should look back to the period that carriers conducted the underlying historic operations before the final Order takes effect. According to American Airlines, the market for Operating Authorizations would otherwise be suppressed for most of the summer 2008 scheduling season--a prospect that Porter Airlines also views negatively in its comments.

To facilitate the secondary market for Operating Authorizations during the summer of 2008, the FAA agrees that this limitation should be amended to permit an earlier lease or transfer of Operating Authorizations that correspond to historically conducted operations with one caveat. In particular, we remain concerned about a potential abuse here and in the future of the process under which the FAA arrives at the final allocations, whereby a carrier could accept Operating Authorizations to conduct new operations while also attempting to

control via lease the operator of the carriers' historically conducted operations. This could serve as a disincentive for carriers to discuss their schedule plans in good faith, it is unfair to carriers that have concrete plans to serve the airport, and it could afford a carrier control over a greater share of the airport's operations than any portion that the carrier ever conducted there. Therefore, the FAA will amend the final Order to permit the lease or transfer of Operating Authorizations whenever the carrier can demonstrate that it operated the flight that corresponds to the Operating Authorization at least 80% of the 90-day period immediately preceding the lease or transfer. However, we will monitor the net effect of the carriers' lease transactions with respect to their newly allocated Operating Authorizations. If it is apparent that a carrier requested Operating Authorizations that it did not intend to utilize, the FAA may consider that circumstance in assessing the carrier's future representations with respect to its need for capacity at this or other airports.

Kalitta Air, LLC, comments that it is uniquely burdened by the proposed order due to its contract with the United States Postal Service (USPS) to carry mail for the U.S. military. It indicates that it regularly operates 10 or more departures from EWR each week but that the number and time of the flights may vary to meet the contractual requirements. Kalitta further notes that some periods of the year, such as the December holidays, have historically generated more flights and that it must operate additional flights to accommodate the mail during other times, as well. Kalitta cites as possible solutions a large pool of authority for day-of unscheduled operations, the use of "extra section" authority, and a reduction in the hours when operational limits will apply at EWR. Kalitta also indicates it would like to revise its historic summer 2007 schedules to operate at different times.

The FAA understands that all carriers may need to revise their plans to conduct scheduled operations at EWR after this Order takes effect. The FAA intends to issue a proposal to institute a reservations system for unscheduled flights, and some of the issues that Kalitta raises regarding the availability of last-minute operations will be addressed in that context. A finite number of reservations are expected for unscheduled operations during the peak hours; however, there is a potential for additional reservations for last-minute unscheduled operations if operating and delay conditions permit. We expect that the ultimate structure for scheduled and unscheduled operations will accommodate the historic patterns of demand that cargo operators experience during particular times of year, such as the months of November and December, but some retiming of proposed schedules may be required.

The type of operational flexibility that Kalitta seeks to conduct operations during EWR's busiest hours is not practical, given the airport's limited capacity and trend toward congestion-related delays. The service that Kalitta provides to meet its USPS contract may be unique in its individual circumstances, but it does not materially differ as a practical matter from the limitations imposed on other operators. In some respects, cargo operations may have options that are not reasonably available to passenger-carrying and other operators, permitting flights at less-congested times. To this degree, it may be easier for a cargo operator to trade for or lease Operating Authorizations at favorable times than is the case for other carriers operating at EWR.

As with other carriers, the FAA will not accept changes from a cargo operator's historic operations if the net result would be increased congestion. For example, the FAA cannot approve Kalitta's request to move a flight from the 9:00 p.m. hour to the 7:00 p.m. hour. Nevertheless, the FAA will work with Kalitta--as it will continue to do with other

carriers--on schedule adjustments, but those adjustments must recognize the limits under this Order.

A number of the commenters express opinions regarding the FAA's future allocation of Operating Authorizations at EWR. American Airlines advocates the FAA's long-term use of the IATA Worldwide Scheduling Guidelines at all congested airports, whereas the Air Carrier Association of America opposes the FAA's reliance on the Worldwide Scheduling Guidelines. The Air Transport Association of America, the Air Transport Association of Canada, and American Airlines oppose the FAA's use of auctions to allocate new or returned capacity at EWR, and the Air Carrier Association of America identifies alternative market-based allocation concepts.

The FAA's principal purpose in issuing the proposed order was to curb the overscheduling that passengers transiting EWR would experience during the summer of 2008 if the FAA failed to intervene. This final Order will result in significantly better performance at the airport than would occur if carriers were to implement the schedules that they originally proposed. The manner in which the FAA will allocate operational authority to conduct scheduled operations after this Order expires will be the subject of a rulemaking proceeding in a separate docket. Carriers that wish to register an opinion regarding that proposal should file their responsive written comments in the public docket that the FAA will open for that proceeding.

Regarding the language in the proposed order that refers to a future auction of new and returned capacity at EWR while this final Order remains in effect, the FAA does not anticipate the immediate availability of a significant volume of new or returned capacity at EWR. However, the FAA expects that the need may arise to conduct an auction of new or

returned capacity at EWR or JFK before the end of this calendar year. If this proves to be true, we anticipate that we would allocate such capacity for a 5- to 10-year term. The FAA has authority to lease real and personal property, including intangible property, to others. 49 U.S.C. §§ 106(l)(6) and 106(n). Because the auction would address an FAA lease of Operating Authorizations awarded by the FAA under its leasing authority rather than under an administrative allocation, notice to the interested parties will be governed by applicable procurement law, rather than by the Administrative Procedure Act. The details regarding a potential auction will be disclosed when the FAA is ready to proceed with an auction. In accordance with the FAA's Acquisition Management System, the FAA will publicly announce its intention to conduct an auction on a particular date or over the course of a particular period of time. The FAA will also announce its proposed auction procedures and solicit comments on those procedures. The FAA will consider the comments that it receives and then publish the final auction procedures. Any interested party will have an avenue to protest the procedures up until the date of the auction, in accordance with 49 U.S.C. § 40110(d)(4) and 14 C.F.R. part 17.

The individual and non-airline organizational commenters express nearly universal support for the proposed limit on scheduled operations at EWR, primarily because they view it as an alternative to the delay reduction anticipated from New York-New Jersey-Philadelphia airspace redesign. The airspace redesign project to which they refer is an initiative that is independent of this temporary limitation on flights at EWR, and it will reduce congestion-related delay in that region over the long term. The FAA will implement elements of the airspace redesign over five years, and as a result, the full benefit of the redesign will be realized in stages. By contrast, this Order will provide temporary relief from



the heightened delays that the region would experience as early as this summer if carriers were permitted to operate the schedules that they proposed. The FAA does not intend this Order to serve as a long-term solution to congestion-related delay at and around EWR.

ACCORDINGLY, with respect to scheduled flight operations at EWR, it is ordered that:

1. This Order assigns operating authority to conduct an arrival or a departure at EWR during the affected hours to the U.S. air carrier or foreign air carrier identified in the appendix to this Order. The FAA will not assign operating authority under this Order to any person or entity other than a certificated U.S. or foreign air carrier with appropriate economic authority and FAA operating authority under 14 C.F.R. part 121, 129, or 135. This Order applies to the following:

- a. All U.S. air carriers and foreign air carriers conducting scheduled operations at EWR as of the date of this Order, any U.S. air carrier or foreign air carrier that operates under the same designator code as such a carrier, and any air carrier or foreign-flag carrier that has or enters into a codeshare agreement with such a carrier.
- b. All U.S. air carriers or foreign air carriers initiating scheduled or regularly conducted commercial service to EWR while this Order is in effect.
- c. The Chief Counsel of the FAA, in consultation with the Vice President, System Operations Services, is the final decision-maker for determinations under this Order.

2. This Order governs scheduled arrivals and departures at EWR from 6:00 a.m. through 10:59 p.m., Eastern Time, Sunday through Saturday.

3. This Order takes effect at 6:00 a.m., Eastern Time, on [insert date that is thirty days after publication in the Federal Register], and expires at 11:59 p.m., Eastern Time, on October 24, 2009.

4. Under the authority provided to the Secretary of Transportation and the FAA Administrator by 49 U.S.C. §§ 40101, 40103 and 40113, we hereby order that:

- a. No U.S. air carrier or foreign air carrier initiating or conducting scheduled or regularly conducted commercial service at EWR may conduct such operations without an Operating Authorization assigned by the FAA.
- b. Except as provided in the appendix to this Order, scheduled U.S. air carrier and foreign air carrier arrivals and departures will not exceed 81 per hour from 6:00 a.m. through 10:59 p.m., Eastern Time.
- c. The Administrator may change the limits if he determines that capacity exists to accommodate additional operations without a significant increase in delays.

5. For administrative tracking purposes only, the FAA will assign an identification number to each Operating Authorization.

6. A carrier holding an Operating Authorization may request the Administrator's approval to move any arrival or departure scheduled from 6:00 am through 10:59 p.m. to another half hour within that period. Except as provided in paragraph seven, the carrier must receive the written approval of the Administrator, or his delegate, prior to conducting any scheduled arrival or departure that is not listed in the appendix to this Order. All requests to move an allocated Operating Authorization must be submitted to the FAA Slot Administration Office, facsimile (202) 267-7277 or e-mail [7-AWA-Slotadmin@faa.gov](mailto:7-AWA-Slotadmin@faa.gov), and must come from a designated representative of the carrier. If the FAA cannot approve a

carrier's request to move a scheduled arrival or departure, the carrier may then apply for a trade in accordance with paragraph seven.

7. A carrier may lease or trade an Operating Authorization to another carrier for any consideration and for a period that does not exceed the duration of this Order. A carrier may not lease an Operating Authorization to another carrier unless it has actually used the authorization to conduct flights to or from Newark at least 80% of the time over the preceding 90-day period. The FAA may waive the 90-day usage requirement of the Operating Authorization if the transferring carrier can demonstrate that it has operated the flight that corresponds to the Operating Authorization at least 80% of the time over the 90 days preceding the proposed transfer of the Operating Authorization. Notice of a trade or lease under this paragraph must be submitted in writing to the FAA Slot Administration Office, facsimile (202) 267-7277 or e-mail [7-AWA-Slotadmin@faa.gov](mailto:7-AWA-Slotadmin@faa.gov), and must come from a designated representative of each carrier. The FAA must confirm and approve these transactions in writing prior to the effective date of the transaction. The FAA will approve transfers between carriers under the same marketing control up to five business days after the actual operation, but only to accommodate operational disruptions that occur on the same day of the scheduled operation.

8. A carrier may not buy, sell, trade, or transfer an Operating Authorization, except as described in paragraph seven.

9. Historical rights to Operating Authorizations and withdrawal of those rights due to insufficient usage will be determined on a seasonal basis and in accordance with the schedule approved by the FAA prior to the commencement of the applicable season.

- a. For each day of the week that the FAA has approved an operating schedule, any Operating Authorization not used at least 80% of the time over the period authorized by the FAA under this paragraph will be withdrawn by the FAA for the next applicable season except:
  - i. The FAA will treat as used any Operating Authorization held by a carrier on Thanksgiving Day, the Friday following Thanksgiving Day, and the period from December 24 through the first Saturday in January.
  - ii. The Administrator of the FAA may waive the 80% usage requirement in the event of a highly unusual and unpredictable condition which is beyond the control of the carrier and which affects carrier operations for a period of five consecutive days or more.
- b. Each carrier holding an Operating Authorization must forward in writing to the FAA Slot Administration Office a list of all Operating Authorizations held by the carrier and for each Operating Authorization. These reports must include:
  - i. the dates within each applicable season on which it intends to start and to cease scheduled operations.
    - A. For the Summer 2008 scheduling season, the report must be received by the FAA no later than [insert date that is thirty days after publication in the Federal Register].
    - B. For the Winter 2008/2009 scheduling season, the report must be received by the FAA no later than August 15, 2008.
    - C. For the Summer 2009 scheduling season, the report must be received by the FAA no later than January 15, 2009.

ii. the completed operations for each day of the applicable scheduling season:

A. via an interim report filed no later than September 1 for the Summer scheduling season;

B. via an interim report filed no later than January 15 for the Winter scheduling season.

iii. a final report of the completed operations for each day of the scheduling season within 30 days after the last day of the applicable scheduling season.

10. In the event that a carrier surrenders to the FAA any Operating Authorization assigned to it under this Order or if there are unallocated Operating Authorizations, the FAA will determine whether the unallocated Operating Authorizations should be reallocated. The FAA may temporarily allocate an Operating Authorization if it determines that such allocation will not increase congestion at the airport. Such temporary allocations will not be entitled to historical status for the next applicable scheduling season under paragraph 9.

11. If the FAA determines that a reduction in the number of allocated Operating Authorizations is required to meet operational needs, such as reduced airport capacity, the FAA will conduct a weighted lottery to withdraw Operating Authorizations to meet a reduced hourly or half-hourly limit for scheduled operations. The FAA will provide at least 45 days' notice unless otherwise required by operational needs. Any Operating Authorization that is withdrawn or temporarily suspended will, if reallocated, be reallocated to the carrier from which it was taken, provided that the carrier continues to operate scheduled service at EWR.

12. The FAA will enforce this Order through an enforcement action seeking a civil penalty under 49 U.S.C. § 46301(a). A carrier that is not a small business as defined in the

Small Business Act, 15 U.S.C. § 632, will be liable for a civil penalty of up to \$25,000 for every day that it violates the limits set forth in this Order. A carrier that is a small business as defined in the Small Business Act will be liable for a civil penalty of up to \$10,000 for every day that it violates the limits set forth in this Order. The FAA also could file a civil action in U.S. District Court, under 49 U.S.C. §§ 46106, 46107, seeking to enjoin any air carrier from violating the terms of this Order.

13. The FAA may modify or withdraw any provision in this Order on its own or on application by any carrier for good cause shown.

Issued in Washington, DC, on .

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Robert A. Sturgell  
Acting Administrator  
Federal Aviation Administration